

August 16, 2004

The California Performance Review
c/o Office of Governor Arnold Schwarzenegger
State Capitol
Sacramento, CA 95814

Dear Commissioners:

The County Alcohol and Drug Program Administrators Association of California (CADPAAC) appreciates the opportunity to provide input to the California Performance Review regarding the Commission's proposals to make state government more efficient. One of those recommendations, in the Health & Human Services field, proposes to consolidate the administration of the state's substance abuse and mental health programs. As those who administer local Alcohol and Other Drug (AOD) programs at the county level, we must respectfully oppose this recommendation for the reasons enumerated below. While appreciating the Commission's goal of improving the delivery of health and human services, CADPAAC continues to support the maintenance of separate State Departments for Alcohol and Drug Programs and for Mental Health Programs. Our position is based on the following considerations:

- **Need for Distinct Statewide Leadership** – Continued separation of the two departments serves California residents best, since both State departments provide valuable leadership to the State and to counties in their respective fields. The creation of a discrete State Department of Alcohol and Drug Programs (ADP) in the 1970's occurred out of recognition that individuals with addictions were poorly served under a single department administering both mental health and alcohol and other drug (AOD) services. A merger would seriously compromise the ability of each of these departments to continue providing leadership to the field, and would disrupt the Federal-State-County collaborations that currently work to serve clients with diverse needs.
- **Advancement of AOD-Specific Policies** – Public support for AOD-specific, cross-systems approaches is best maintained by a separate State department for AOD programs. The passage of The Substance Abuse and Crime Prevention Act (Proposition 36) in 2000 reflected the voters' recognition and endorsement of alternative sentencing policies for certain drug offenders. State ADP has risen to the new challenges presented by Proposition 36 and performs many vital services that could suffer under a merger with DMH. The continued public presence of a separate State ADP validates the voters' desire for the advancement of such policy approaches across other public systems. Substance abuse is an issue in many systems, but unless the AOD agency is elevated to a position of prominence, focus on substance abuse is lost among other priorities.

- **Cost-Effectiveness of AOD Services** – AOD prevention and treatment services are more cost-effective than many other health care services. Counties and the State ADP have worked collaboratively to develop effective prevention, treatment and recovery services across the State. We question whether such innovation could continue without a separate State ADP. Moreover, it is well known that AOD problems drive costs in many other systems, including mental health, criminal justice, health, education, welfare and social services. To align the AOD field with just one of these other systems – Mental Health – will weaken the links AOD has developed with the many other systems also affected by substance abuse problems. Without a separate department to emphasize the prevention and treatment of AOD problems, the State will lose its distinct focus on these issues that continue to impact our communities.
- **Distinct Systems of Care** – Although mental health and AOD programs may and do collaborate on the County level, the scope of services they provide are distinct. The Performance Review places great emphasis on the prevalence of co-occurring AOD and mental health disorders to justify consolidation of these programs. However, figures from the federal Substance Abuse and Mental Health Services Administration indicate that only 23% of adults with serious mental illness have a co-occurring substance use disorder, and only 12% of the combined population of individuals with either substance use disorders or serious mental illness have both diagnoses. While each department has made significant progress in addressing the needs of residents with co-occurring disorders, the majority of clients who are not dually-diagnosed would not be well served by a merger of these departments. Such a merger would seriously dilute the effectiveness of both programs, which must continue to serve clients unique to each system of care. Moreover, reimbursements, contracts, reporting issues, etc. are very different for AOD services than for mental health. While most mental health services are entitlements, many AOD services are discretionary. The fact that mandated services are given funding priority over discretionary programs would mean that, at the county level, many AOD services would be vulnerable to reduction or even elimination.
- **Federal Requirements** – ADP provides important services, such as allocation of Federal funds, compliance with Federal Performance Partnership Grant requirements, contracts and cost reporting, Drug/Medi-Cal contract monitoring, data collection and reporting, licensing and certification of treatment programs, counselor credentialing, and oversight and evaluation activities for various criminal justice programs, including Proposition 36. While the Department of Mental Health focuses on persons with severe mental illness and has relatively low Federal Block Grant funding, ADP focuses on serving everyone with dependence or substance abuse problems – whether or not severe – and has a high proportion of funding from the Federal Block Grant. Moreover, State AOD programs that receive Federal funding are subject to specific Federal accountability standards and maintenance of effort (MOE) requirements that are distinct from mental health programs. Without a separate department to administer these services, our system of care will face substantial disruption, and federal dollars could potentially be put at risk.

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- **Negative Impacts of Merger** – Finally, there are no valid studies or data as to any real cost savings that would accrue as a result of the merger of the two departments. CADPAAC believes that any minimal savings envisioned by such a recommendation would be far outweighed by the long-term damage done to our system of care. Moreover, data from other states that have implemented such consolidations indicate that AOD agencies submerged in lower echelons of state government, or merged with mental health agencies, appear to be less effective in collaboration and policy specific to substance abuse issues.

In closing, CADPAAC shares with the Commission the recognition that untreated alcohol and other drug abuse, as one of the greatest public health challenges facing our society, imposes significant costs on the state as well as local communities. For this reason, we believe that AOD services should be given even higher visibility and greater resources, which would likely be lost in the proposed consolidation with mental health. CADPAAC is committed to working with the Administration and the Commission to identify opportunities for expanding and improving the delivery of alcohol and other drug program services at the state and local levels, and appreciates your consideration of our comments.

Sincerely,

Connie Moreno-Peraza
President, CADPAAC

cc: Kimberly Belshe, Secretary, California Health and Human Services Agency
Kathryn Jett, Director, State Department of Alcohol and Drug Programs